

2005 DRAFTING REQUEST

Bill

Received: **12/09/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Brett Davis (608) 266-1192**

By/Representing: **Luke**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - tax incr financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Davis@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow city of Monroe to create a donor district for a tax incremental district (TID)

Instructions:

See Attached. Special legislation to allow one of Monroe's TIDs to become a donor district to another of its TIDs

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			Local
/1	mshovers 12/28/2005	jdyer 01/19/2006	rschluet 01/19/2006	_____	sbasford 01/19/2006	lemery 02/06/2006	

FE Sent For: *at intro
2/9*

<END>

2005 DRAFTING REQUEST

Bill

Received: 12/09/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Brett Davis (608) 266-1192

By/Representing: Luke

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Local Gov't - tax incr financing

Extra Copies:

Submit via email: YES

Requester's email: Rep.Davis@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow city of Monroe to create a donor district for a tax incremental district (TID)

Instructions:

See Attached. Special legislation to allow one of Monroe's TIDs to become a donor district to another of its TIDs

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			Local
/1	mshovers 12/28/2005	jdye 01/19/2006	rschluet 01/19/2006	_____	sbasford 01/19/2006		

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **12/09/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Brett Davis (608) 266-1192**

By/Representing: **Luke**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - tax incr financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Davis@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow city of Monroe to create a donor district for a tax incremental district (TID)

Instructions:

See Attached. Special legislation to allow one of Monroe's TIDs to become a donor district to another of its TIDs

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/? mshovers

1/1 NES 12/28/05

Handwritten signature and initials: "1196" and "PB" with a large scribble over the "Typed" column.

FE Sent For:

<END>

Shovers, Marc

From: Bacher, Luke
Sent: Friday, December 02, 2005 1:24 PM
To: Shovers, Marc

Attachments: Letter 12-01-05.PDF

Marc -

Here is the letter I referred to in my voice message. On the third page they reference the statute number.

Thanks,

Luke Bacher
Legislative Assistant
Office of State Representative Brett Davis
(608)-266-1192
Toll Free: 888-534-0080
Luke.Bacher@legis.state.wi.us
<http://www.brettdavis.us>



Letter
2-01-05.PDF (142 KI



City of Monroe

1110 18th Ave.
Monroe, WI 53566-1850

December 1, 2005

Senator Jon Erpenbach
Room 19 South
State Capital
P.O. Box 7882
Madison, WI 53707-7882

Representative Brett Davis
Room 308 North
State Capitol
P.O. Box 8952
Madison, WI 53708-8952

RE: Request for special legislation allowing an amendment to Project Plans for Tax Incremental Districts creating a "donor district" relationship.

Dear Senator Erpenbach and Representative Davis:

On behalf of the City of Monroe, I am requesting that special legislation be introduced to allow the City of Monroe to establish a "donor district" relationship between two of our tax incremental financing districts that are prospering, and Tax Incremental Finance District Number 4 ("TID #4") that is not.

On May 7, 1996, based in large part on the recommendation of the then Executive Director of the Green County Development Corporation, the city created TID #4 for the purpose of developing a business park on the city's north side. Feeling a need to have "turn-key" parcels for industrial development we fully improved a 130-acre open tract of land with streets, storm water conveyance systems, a water tower, water mains and sanitary sewers. City officials felt at the time that having industrial land readily available would not only allow us to keep pace with other similar-sized Wisconsin cities, but would help us compete for new businesses with nearby cities across the border in northern Illinois.

Unfortunately, TID #4 has not developed as hoped and significant tracts remain undeveloped. This year (2005) TID #4 will produce an estimated increment of only \$77,778 compared to its debt service

PHONE: (608) - City Hall: 329-2500 Clerk: 329-2524 Assessor: 329-2536 Treasurer: 329-2528
Engineer: 329-2535 Fire Chief: 329-2575 Comptroller: 329-2529 Builder Inspector: 329-2533
Director of Public Works: 329-2506 Safety Director: 329-2577
FAX: (608) 329-2561

• Senator Jon Erpenbach
Representative Brett Davis
December 1, 2005
Page 2

cost of \$190,860. From 1996 through end of this year, the cumulative known and estimated shortfall of increment from TID #4 will total \$1,341,531. Because by statute, non-revenue TID debt must be backed by the full faith and credit of the city (general obligation debt), Monroe's general fund has paid and will continue to pay the difference. Assuming that the increment does not increase, the debt service shortfall between 2006 and 2016, when the last debt payment is made, will total another \$1,249,143. Assuming a rather nominal annual administrative cost of \$5,000, we estimate that TID #4's average annual shortfall for the next 11 years will be \$118,558.

Covering TID #4 revenue shortfalls has become a significant financial burden for the city's general fund. Now that we are facing levy limits we fear that our only option may be to cut critical municipal services. Levy limit exemptions for bonding and economic development costs related to tax increment financing debt do not apply in this case. The general fund dollars used to offset this shortfall will need to come from the same sources that pay for typical municipal government operations such as public safety and public works.

The city has explored ways reduce the TID #4 shortfall. Just this year we reduced the cost of the remaining TID #4 debt service by \$103,765 when we refinanced the debt at a lower interest rate. This reduced the projected average annual shortfall in TID #4 debt service by \$9,433. But this is not nearly enough.

It appears that our only viable option to address this problem is to create a "donor district" relationship between TID #4 and one or both of Monroe's Tax Incremental Finance Districts Numbered 5 and 6 (TID #5 and TID #6), both of which are performing well. We know that TID #6 has a significant surplus of increment; and with restructuring its debt payments excess increment from TID #6 could reduce the general fund's subsidy of TID #4 in a typical year by about \$97,118. Once an expansion to the Badger State Ethanol Plant located in TID #5 is completed and TID #5 debt obligations have been met, excess increment from TID #5 could further reduce the TID #4 shortfall by as much as \$182,000.

Because neither TID #4 nor the proposed donor districts (TID #5 & TID #6) were created before October 1, 1995 [see Section 66.1105(6)(e) 1. b. of the Wisconsin Statutes] our only avenue to resolve this financial dilemma is special legislation. We hope that you can help us by sponsoring legislation that would allow Monroe to establish a donor district relationship between TID #4 and either TID #5 or TID #6, or both.

If TID #4 had prospered as originally anticipated, the resulting economic growth would have resulted in regional economic benefits in the form of new jobs for people residing both within and outside the borders of the city. It seems unfair that the adverse economic consequences from the failure of TID #4 to develop should be borne only by taxpayers of the City of Monroe. The adverse consequences of this outcome are amplified by the recently imposed levy limits because the city cannot simply raise taxes to cover the shortfall. We believe that our situation is unique and our solution will not create an undesirable precedent. Our seeking of assistance in the form of special legislation is a last resort in the hope that critical municipal services will not be sacrificed because we must cover the TID #4 shortfalls from the general fund.

Senator Jon Erpenbach
Representative Brett Davis
December 1, 2005
Page 3

I have been advised by our city attorney that special legislation could be modeled after the special exception granted to Milwaukee in Section 66.1105(6)(e)1.c. of the Wisconsin Statutes. The city attorney suggests language amending Section 66.1105(6)(e)1.b. as follows:

Except as provided in subd. 1. c. and subd. 1. e.

and creating a new Section 66.1105(6)(e)1.e. as follows:

With respect to a tax incremental district that has been created by a Fourth Class City incorporated in 1882 located in the Pecatonica River watershed, the recipient tax incremental district has been created before October 1, 1996 and the donor tax incremental district has been created before October 1, 2003.

According to the Blue Book, there were six fourth class cities incorporated in 1882 (Baraboo, Menomonie (Dunn Co.), Monroe, Neillsville, Port Washington and Stoughton). Of these Monroe is the only one located in the Pecatonica watershed.

If you are willing to help us we should meet at your earliest convenience. I will be happy to travel to Madison with other representatives from Monroe. We appreciate your giving your prompt attention to this very significant concern.

Sincerely,



William M. Ross, Jr.
Mayor, City of Monroe

cc: Common Council
City Attorney
City clerk



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4225/7

MES: A:...

SOON

RMP JLD

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

gen

1

AN ACT ...; relating to: authorizing the City of Monroe to allocate positive tax

2

increments from one or more of its tax incremental financing districts to

3

another such district created by the city.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development.

Also under current law, once a TID has been created, the Department of Revenue calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created and that portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. Generally under current law, but subject to one exception, project costs are required to be expended within the boundaries of a TID.

The TIDs are required to terminate, under current law and with some exceptions, once these project costs are paid back. Under one of the exceptions, which is limited

to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID (donee TID) that has been created by the planning commission.

donee

that

Similar to the current law exception which allows a donor TID to allocate its positive tax increments to a recipient TID if certain conditions are met, this bill authorizes the city of Monroe to transfer tax increments from one of its existing TIDs to its TID number 4 if the other current law requirements are met.

For further information see the local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 66.1105 (6) (e) 1. b. of the statutes is amended to read:

2 66.1105 (6) (e) 1. b. Except as provided in subd. 1. c. and subd. 1. e., the donor
3 tax incremental district and the recipient tax incremental district have been created
4 before October 1, 1995.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46.

5 SECTION 2. 66.1105 (6) (e) 1. e. of the statutes is created to read:

6 66.1105 (6) (e) 1. e. With respect to a tax incremental district that has been
7 created by a 4th class city incorporated in 1882 that is located in the Pecatonica River
8 watershed, the recipient tax incremental district has been created before October 1,
9 1996, and the donor tax incremental district has been created before October 1, 2003.

(END)

10

Emery, Lynn

From: Bacher, Luke
Sent: Monday, February 06, 2006 3:30 PM
To: LRB.Legal
Subject: Draft Review: LRB 05-4225/1 Topic: Allow city of Monroe to create a donor district for a tax incremental district (TID)

Please Jacket LRB 05-4225/1 for the ASSEMBLY.